

Message Text

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47

ACTION AF-18

INFO OCT-01 ADP-00 EUR-25 CIAE-00 DODE-00 INR-10 NSAE-00

PA-03 RSC-01 USIA-12 PRS-01 AID-20 EB-11 OMB-01

TRSE-00 COME-00 SS-15 NSC-10 L-03 RSR-01 /132 W

----- 110816

R 181206 Z MAY 73

FM AMEMBASSY LOME

TO SECSTATE WASHDC 6306

INFO AMEMBASSY BONN

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E. O. 11652: N/ A

TAGS: TO, GW, EAID

SUBJ: W. GERMAN PRIVATE FIRM SIGNS 24 BILLION CFA FRANC

PROJECT AGREEMENT WITH GOT

1. TOGO PRESSE OF 16 MAY REPORTED THAT KARL- ERICH GALL, PRESIDENT- FIRECTOR GENERAL OF W. GERMAN FIRM, WAKUTI, HAD MET WITH PRESIDENT EYADEMA PREVIOUS DAY WITH REGARD TO CONVENTION ON DEVELOPMENT OF THE LA KARA RIVER VALLEY, SIGNED BY GOT AND WAKUTI AT BEGINNING THIS YEAR. ACCORDING TO REPORT, PROJECT INVOLVES LOAN OF 24 BILLION CFA FRANCS (APPROX. \$106.6 MILLION OR NEARLY TWICE AMOUNT GOT BUDGET) AT SIX PERCENT INTEREST, REPAYABLE IN 25 YEARS WITH FIVER YEAR GRACE PERIOD.

2. SAME MORNING, AMBASSADOR RAISED SUBJECT WITH FRG EMBASSY CHARGE WHO SAID HIS EMBASSY HAD NOT KNOWN OF CONVENTION PRIOR TO READING PRESS ARTICLE, BUT IN ANY CASE BELIEVED THAT REPORTED AMOUNT OF LOAN MUST BE AN ERROR SINCE PROJECT OF SUCH MAGNITUDE WOULD HAVE INVOLVED EMBASSY. HE SAID HE WAS SEEKING CLARIFICATION.

3. IN SUBSEQUENT CONVERSATIONS WITH FRG EMBASSY OFFICERS, AND AT MEETING BETWEEN AID PROJECT OFFICER AND BERNARD SCHWEIGER, DIRECTOR OF ECONOMIC COOPERATION FOR SUB- SAHARA AFRICA OF THE
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MINISTRY OF COOPERATION IN BONN (WHO JUST SPENT WEEK IN LOME AND WAS PRESENT WHEN WAKUTI STORY BROKE) WE HAVE LEARNED THAT THE TOGO PRESSE REPORT ON WAKUTI- GOT AGREEMENT WAS ACCURATE. LOAN REPORTEDLY IS IN DOLLARS, PROBABLY EURODOLLARS. GERMAN CHARGE TOLD AMBASSADOR THAT AMOUNT OF LOAN IS MORE THAT TOTAL FRG AID TO TOGO SINCE INDEPENDENCE IN 1960. HE SAID WAKUTI REPRESENTATIVES HAD NOT CONSULTED AT ALL WITH GERMAN EMBASSY EXCEPT DURING INITIAL VISIT TO GET GENERAL BRIEFING ON TOGO. DEAL WAS ENTIRELY HANDLED THROUGH THE PRESIDENCY WITHOUT KNOWLEDGE OF OR PARTICIPATION IN NEGOTIATIONS BY MINISTRIES OF FOREIGN AFFAIRS, FINANCE, COMMERCE OR OTHERS WHICH NORMALLY WOULD BE INVOLVED.

4. CHARGE SPECULATED THAT DEBT BURDEN, WITH SIX PERCENT COMMERCIAL' RATE, WOULD BE TOO BIG FOR TOGO TO ASSUME. HE SAID SCHWEIGER HAD HEARD NOTHING ABOUT THE AGREEMENT WHICH INDICATES THAT WAKUTI HAD MADE NO EFFORT TO GET FRG GOVERNMENT GUARANTEE.

5. GERMAN EMBASSY NOW SEEKING FURTHER DETAILS FROM GOT AND BONN. DICKINSON

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 18 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973LOME00991
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: LOME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730547/aaaajjtw.tel
Line Count: 82
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 09 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09-Aug-2001 by shawdg>; APPROVED <12-Sep-2001 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980219
Subject: W. GERMAN PRIVATE FIRM SIGNS 24 BILLION CFA FRANC PROJECT AGREEMENT WITH GOT
TAGS: EAID, GW, TO
To: AF
BONN
SECSTATE WASHDC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005